

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
FRANKFORT
40620
revenue.ky.gov

March 21, 2011

Dear Employer:

This letter serves as the Department of Revenue's official notification to employers of a change in Kentucky income tax law with regard to the handling of the health insurance premiums for the adult children under 27. The Kentucky General Assembly passed House Bill 255 in the 2011 Regular Session and the Governor signed this bill into law on March 16, 2011. This means that Kentucky has expanded the health insurance deduction to include any person authorized to be provided excludable coverage by the taxpayer pursuant to the federal Patient Protection and Affordable Care Act of 2010, Pub. L. 111-148, or the Health Care and Education Reconciliation Act of 2010 Pub. L. 111-152 for tax years beginning on or after January 1, 2011.

Several questions were received by the Department concerning whether Kentucky adopted the federal income tax treatment of the extended health care insurance coverage for adult children under age 27. Due to House Bill 255 becoming law, those employees who have adult children that would now qualify for health insurance under the new federal law would be able to receive the same tax treatment for Kentucky as they would for federal income tax purposes.

Should you have any questions regarding the Kentucky tax treatment, please feel free to contact the Withholding Tax Branch at (502) 564-7287.

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